

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HOUSE BILL 823

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

John A. Heaton

AN ACT

RELATING TO OIL AND GAS; AMENDING A SECTION OF THE OIL AND GAS
ACT TO PROVIDE THAT RULES OF THE OIL CONSERVATION DIVISION ARE
CONSISTENT WITH THE WATER QUALITY ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 70-2-12 NMSA 1978 (being Laws 1978,
Chapter 71, Section 1, as amended) is amended to read:

"70-2-12. ENUMERATION OF POWERS.--

A. ~~[Included in the power given to]~~ The oil
conservation division of the energy, minerals and natural
resources department ~~[is the authority to]~~ may:

(1) collect data; ~~[to]~~

(2) make investigations and inspections; ~~[to]~~

(3) examine properties, leases, papers, books
and records; ~~[to]~~

.177200.1

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 (4) examine, check, test and gauge oil and gas
2 wells, tanks, plants, refineries and all means and modes of
3 transportation and equipment; [tø]

4 (5) hold hearings; [tø]

5 (6) provide for the keeping of records and the
6 making of reports and for the checking of the accuracy of the
7 records and reports; [tø]

8 (7) limit and prorate production of crude
9 petroleum oil or natural gas or both as provided in the Oil and
10 Gas Act; and [tø]

11 (8) require either generally or in particular
12 areas certificates of clearance or tenders in connection with
13 the transportation of crude petroleum oil or natural gas or any
14 products of either or both oil and products or both natural gas
15 and products.

16 B. Apart from any authority, express or implied,
17 elsewhere given to or existing in the oil conservation division
18 by virtue of the Oil and Gas Act or the statutes of this state,
19 the division is authorized to make rules, regulations and
20 orders for the purposes and with respect to the subject matter
21 stated in this subsection:

22 (1) to require dry or abandoned wells to be
23 plugged in a way to confine the crude petroleum oil, natural
24 gas or water in the strata in which it is found and to prevent
25 it from escaping into other strata; the division shall require

.177200.1

underscoring material = new
[bracketed material] = delete

1 a cash or surety bond in a sum not to exceed fifty thousand
2 dollars (\$50,000) conditioned for the performance of such
3 regulations;

4 (2) to prevent crude petroleum oil, natural
5 gas or water from escaping from strata in which it is found
6 into other strata;

7 (3) to require reports showing locations of
8 all oil or gas wells and for the filing of logs and drilling
9 records or reports;

10 (4) to prevent the drowning by water of any
11 stratum or part thereof capable of producing oil or gas or both
12 oil and gas in paying quantities and to prevent the premature
13 and irregular encroachment of water or any other kind of water
14 encroachment that reduces or tends to reduce the total ultimate
15 recovery of crude petroleum oil or gas or both oil and gas from
16 any pool;

17 (5) to prevent fires;

18 (6) to prevent "blow-ups" and "caving" in the
19 sense that the conditions indicated by such terms are generally
20 understood in the oil and gas business;

21 (7) to require wells to be drilled, operated
22 and produced in such manner as to prevent injury to neighboring
23 leases or properties;

24 (8) to identify the ownership of oil or gas
25 producing leases, properties, wells, tanks, refineries,

.177200.1

underscored material = new
[bracketed material] = delete

1 pipelines, plants, structures and all transportation equipment
2 and facilities;

3 (9) to require the operation of wells with
4 efficient gas-oil ratios and to fix such ratios;

5 (10) to fix the spacing of wells;

6 (11) to determine whether a particular well or
7 pool is a gas or oil well or a gas or oil pool, as the case may
8 be, and from time to time to classify and reclassify wells and
9 pools accordingly;

10 (12) to determine the limits of any pool
11 producing crude petroleum oil or natural gas or both and from
12 time to time redetermine the limits;

13 (13) to regulate the methods and devices
14 employed for storage in this state of oil or natural gas or any
15 product of either, including subsurface storage;

16 (14) to permit the injection of natural gas or
17 of any other substance into any pool in this state for the
18 purpose of repressuring, cycling, pressure maintenance or
19 secondary, or any other enhanced, recovery operations;

20 (15) to regulate the disposition of water
21 produced or used in connection with the drilling for or
22 producing of oil or gas or both and to direct surface or
23 subsurface disposal of the water, including disposition by use
24 in drilling for or production of oil or gas, in road
25 construction or maintenance or other construction, in the

.177200.1

underscored material = new
[bracketed material] = delete

1 generation of electricity or in other industrial processes, in
2 a manner that will afford reasonable protection against
3 contamination of fresh water supplies designated by the state
4 engineer, provided that any rule adopted for the management of
5 pits shall assure protection of ground water and surface water
6 quality consistent with the provisions of the Water Quality Act
7 and the regulations and standards established under that act by
8 the water quality control commission;

9 (16) to determine the limits of any area
10 containing commercial potash deposits and from time to time
11 redetermine the limits;

12 (17) to regulate and, where necessary,
13 prohibit drilling or producing operations for oil or gas within
14 any area containing commercial deposits of potash where the
15 operations would have the effect unduly to reduce the total
16 quantity of the commercial deposits of potash that may
17 reasonably be recovered in commercial quantities or where the
18 operations would interfere unduly with the orderly commercial
19 development of the potash deposits;

20 (18) to spend the oil and gas reclamation fund
21 and do all acts necessary and proper to plug dry and abandoned
22 oil and gas wells and to restore and remediate abandoned well
23 sites and associated production facilities in accordance with
24 the provisions of the Oil and Gas Act, the rules and
25 regulations adopted under that act and the Procurement Code,

.177200.1

underscored material = new
[bracketed material] = delete

1 including disposing of salvageable equipment and material
2 removed from oil and gas wells being plugged by the state;

3 (19) to make well price category
4 determinations pursuant to the provisions of the federal
5 Natural Gas Policy Act of 1978 or any successor act and, by
6 regulation, to adopt fees for such determinations, which fees
7 shall not exceed twenty-five dollars (\$25.00) per filing. Such
8 fees shall be credited to the account of the oil conservation
9 division by the state treasurer and may be expended as
10 authorized by the legislature;

11 (20) to regulate the construction and
12 operation of oil treating plants and to require the posting of
13 bonds for the reclamation of treating plant sites after
14 cessation of operations;

15 (21) to regulate the disposition of
16 nondomestic wastes resulting from the exploration, development,
17 production or storage of crude oil or natural gas to protect
18 public health and the environment, provided that any rule
19 adopted shall assure protection of ground water and surface
20 water quality consistent with the provisions of the Water
21 Quality Act and the regulations and standards established under
22 that act by the water quality control commission; and

23 (22) to regulate the disposition of
24 nondomestic wastes resulting from the oil field service
25 industry, the transportation of crude oil or natural gas, the

.177200.1

underscoring material = new
~~[bracketed material]~~ = delete

1 treatment of natural gas or the refinement of crude oil to
2 protect public health and the environment, including
3 administering the Water Quality Act as provided in Subsection E
4 of Section 74-6-4 NMSA 1978."

5 - 7 -
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25